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Exempt Action Final Regulation Agency Background Document

Agency name	DEPT OF MEDICAL ASSISTANCE SERVICES
Virginia Administrative Code (VAC) citation	12 VAC 30-70; 12 VAC 30-80; 12 VAC 30-90
Regulation title	Methods And Standards For Establishing Payment Rates - Inpatient Hospital Services; Methods And Standards For Establishing Payment Rates; Other Types Of Care; Methods And Standards For Establishing Payment Rates For Long-Term Care
Action title	2009 Hospital, Home Health, and Nursing Facilities Reimbursement Changes
Final agency action date	
Document preparation date	

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the Virginia Administrative Process Act (APA), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act, the *Virginia Register Form, Style, and Procedure Manual*, and Executive Orders 36 (06) and 58 (99).

Summary

Please provide a brief summary of all regulatory changes, including the rationale behind such changes. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

This regulatory action is intended to implement reimbursement changes mandated by the Virginia General Assembly through the 2009 Appropriation Act (Chapter 781 of the 2009 *Acts of the Assembly* Item 306) that became effective July 1, 2009, with one exception. These changes include eliminating inflation for both hospitals and nursing facilities, reducing hospital capital payments, eliminating reimbursement for hospital acquired conditions (effective January 1, 2010), rebasing freestanding psychiatric hospitals, and reducing inflation for home health agencies. Chapter 781 Item 306 permitted DMAS to implement these changes pending the completion of these relevant regulatory actions. The sections of the regulation that are affected

by these changes are the Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services [12VAC30-70-50,12VAC30-70-221,12VAC30-70-271,12VAC30-70-321,12VAC30-70-351,12VAC30-70-341,12VAC30-70-391]; Methods and Standards for Establishing Payment Rates-Other Types of Care [12VAC30-80-180]; and Methods and Standards for Establishing Payment Rates for Long-Term Care 12 [VAC30-90-41].

Reimbursement Changes Affecting Hospitals (12 VAC 30-70)

12VAC30-70-351 is being amended to eliminate state fiscal year (SFY) 2011 inflation for all hospitals as directed in Item 306 MMM of Chapter 781 of the Appropriation Act.

12VAC30-70-50, 12VAC30-70-321 and 12VAC30-70-271 are being amended to reduce capital reimbursement for Type 2 hospitals, except those with Virginia Medicaid utilization rates greater than 50%, from 80% of cost to 75% of cost as directed in Item 306 GGG of Chapter 781 of the Appropriation Act.

12VAC30-70-341 and 12VAC30-70-391 are being amended to rebase operating rates for freestanding psychiatric hospitals to 100% of 2005 costs inflated forward (but subject to other limitations on operating rates including no inflation in FY10) as directed in Item 306 FFF of Chapter 781 of the Appropriation Act.

12VAC30-70-221 is being amended to eliminate reimbursement for hospital acquired conditions in a manner similar to the Medicare initiative implemented October 1, 2008. DMAS will implement this change in January of 2010. This change is mandated in Item 306 ZZ of Chapter 781 of the Appropriation Act.

Reimbursement Changes Affecting Other Providers (12 VAC 30-80)

12VAC30-80-180 is being amended to reduce the inflation increase home health agencies received on January 1, 2009 by 50% and to delay another inflation increase until July 1, 2010 as directed in Item 306 III of Chapter 781 of the Appropriation Act.

Reimbursement Changes Affecting Nursing Facilities (12 VAC 30-90)

12VAC30-90-41 is being amended to remove the 1.329% reduction to operating rates for nursing facilities in SFY 2010 as directed in Item 306 VV of Chapter 781 of the Appropriation Act.

12VAC30-90-41 is also being amended to eliminate SFY 2011 inflation for operating rates and ceilings for nursing facilities and specialized care facilities, except for government-owned nursing facilities with Medicaid utilization rates of 85% or greater, as directed in Item 306 NNN of Chapter 781 of the Appropriation Act.

This action meets the exemption provided by the *Code of Virginia* 2.2-4006 (A) (4)(a) because it conforms these attached regulations to the requirements of Chapter 781 of the 2009 *Acts of the Assembly* and does not materially differ. Additionally, the Agency has no discretion concerning the implementation of these mandated requirements.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

I hereby approve the foregoing Agency Background document with the attached amended regulation pages *Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services 12VAC30-70-50, 12VAC30-70-221, 12VAC30-70-351, 12VAC30-70-321, 12VAC30-70-351, 12VAC30-70-34,1 12VAC30-70-391; Methods and Standards for Establishing Payment Rates-Other Types of Care 12VAC30-80-180; and Methods and Standards for Establishing Payment Rates for Long-Term Care, 12 VAC30-90-41* and adopt the actions stated therein. I certify that this final regulatory action has completed all the requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act.

Date

Patrick W. Finnerty, Director
Dept. of Medical Assistance Services

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

These changes do not strengthen or erode the authority or rights of parents in the education, nurturing, and supervision of their children; or encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse, and one’s children and/or elderly parents. It does not strengthen or erode the marital commitment, but may decrease disposable family income depending upon which provider the recipient chooses for the item or service prescribed.